

DEPARTMENT OF AGRICULTURE

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 5,628,168	\$ 9,625,646	\$ 22,900,466	\$ 13,150,533
Information Technology	0	0	0	913,563
Agriculture Business Development	2,432,900	3,199,621	3,373,741	3,367,765
Market Information and Outreach	734,252	1,089,161	1,089,161	1,092,780
Division of Animal Health	3,607,753	5,048,505	5,619,715	5,252,816
Division of Grain Inspection and Warehousing	2,031,785	2,902,813	2,902,813	2,895,731
Division of Plant Industries	2,407,803	3,123,743	3,035,917	3,011,054
Division of Weights and Measures	3,143,417	4,245,441	4,338,039	4,225,198
Missouri State Fair	4,442,270	4,947,563	4,947,563	4,930,011
State Milk Board	1,266,343	1,910,397	1,578,814	1,571,542
DEPARTMENTAL TOTAL	\$ 25,694,691	\$ 36,092,890	\$ 49,786,229	\$ 40,410,993
General Revenue Fund	12,968,647	15,248,217	30,281,667	20,875,352
Federal Funds	2,107,012	5,490,357	5,570,039	5,451,177
State Fair Fees Fund	3,868,520	4,399,937	4,416,673	4,428,139
Milk Inspection Fees Fund	1,119,009	1,770,827	1,439,294	1,441,692
Grain Inspection Fees Fund	1,203,201	1,985,621	1,938,257	1,953,358
State Contracted Manufacturing Dairy Plant				
Inspection and Grading Fee Fund	0	8,000	8,000	8,000
Petroleum Inspection Fund	1,929,812	2,290,231	2,168,769	2,182,316
Petroleum Violation Escrow Fund	500,000	1,000,000	0	2
Marketing Development Fund	925,803	1,610,910	1,736,030	1,737,162
Other Funds	1,072,687	2,288,790	2,227,500	2,333,795
Full-time equivalent employees	383.46	444.85	453.10	450.85

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$40.4 million for the Department of Agriculture. The department provides services for Missouri's farmers and ranchers; agricultural producers; processors; and consumers of food, fuel, and fiber products. The core functions provided by the Department of Agriculture include:

- Promotion and development of Missouri agriculture, including value-added businesses, both at home and abroad.
- Protection of Missouri's livestock and domestic animals, and the businesses and citizens who rely on them.
- Inspection of Missouri's fresh fruits, vegetables, milk, feed, seed, and forest products.
- Regulation, control, and inspection of measuring devices and petroleum products.

Some measures of the health of Missouri's agricultural economy follow:

	2001	2002	2003
Missouri Net Farm Income (millions)	\$1,050.0	\$466.1	\$1,467.7
<i>(Decrease in 2002 is primarily due to drought conditions)</i>			
Cash receipts from the sale of Missouri agricultural products (billions)	\$4.745	\$4.263	\$4.973
Missouri livestock cash receipts (billions)	\$2.695	\$2.284	\$2.628
Missouri crop cash receipts (billions)	\$2.050	\$1.979	\$2.344
Value of Missouri agricultural exports (billions)	\$1.249	\$1.178	\$1.239
Missouri ethanol plant products in gallons (millions)	34.3	39.8	53.9

DEPARTMENT OF AGRICULTURE

POLICY SUMMARY (Continued)

Supporting Renewable Fuel Production

Governor Blunt will make funding for the biodiesel and ethanol producer incentive funds a priority. Through better management and the efficient use of Missouri tax dollars, Governor Blunt will see to it that current production commitments are being met and that money will be available to match the demands of new farmer-owned biodiesel and ethanol facilities as they come into production. In addition, Governor Blunt will provide funding to start addressing outstanding commitments made to ethanol producers in previous years. To support renewable fuel production, the Governor recommends:

- \$5,332,200 for Missouri qualified fuel ethanol producer incentive payments
- \$5,332,200 for Missouri qualified fuel ethanol producer incentive outstanding commitments.
- \$1E for Missouri qualified biodiesel producer incentive payments

Enhancing Missouri's Agro-Terrorism Preparedness

During this age of global terrorism, we must be vigilant about the safety of our food supply. As the area of food security continues to evolve, informed coordination of the affected sectors at the state level is of paramount importance. The Department of Agriculture should have the lead role in state activities and will work with agricultural organizations across Missouri whenever possible. Effective and informed coordination will be key to implementing a successful food security strategy. To enhance Missouri's agro-terrorism preparedness, the Governor recommends:

- \$172,715 in federal funds and three staff to initiate an animal care facility registration system to aid in the timely identification and tracking of animals carrying dangerous, infectious diseases of intentional or accidental origin.
- \$1E in federal funds for agro-terrorism response planning and training grants

DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR

The Office of the Director makes policy decisions on agricultural issues, sets the department's goals and priorities, and coordinates activities of the various divisions to achieve those goals. The Office of the Director includes administrative functions such as human resources, fiscal services, public information, information technology, and statistical services. The Director's Office also administers the Ethanol Producer Incentive Program and the National Tobacco Growers Phase II Settlement Program.

Fiscal Year 2006 Governor's Recommendations

- \$5,332,200 for production incentives for ethanol plants.
- \$30,090 other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$2 open-ended authority for biodiesel production incentives, including \$1 general revenue.
- \$9,139 for pay plan, including \$7,137 general revenue.
- \$24,516 reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$1,363,244) federal and other funds for one-time expenditures.
- (\$507,816) and (9.5) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$402,832) general revenue.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$55,800 federal funds and one staff to implement a diseased animal identification and tracking system.
- \$4,486 for pay plan, including \$3,129 general revenue.
- \$853,277 and 10.5 staff reallocated from various divisions for information technology resources that will be administered by the Office of Administration, including \$423,543 general revenue.

DIVISION OF AGRICULTURE BUSINESS DEVELOPMENT

The Agriculture Business Development Division (ABD) increases the profitability of Missouri's farmers and agribusinesses by increasing international and domestic sales of agricultural products that are produced or processed in Missouri. The division provides six specific services: (1) business counseling, (2) domestic marketing assistance, (3) international marketing assistance, (4) industry facilitation, (5) product promotion, and (6) financial programs. The first five of these services are administered through the Business Services Program of ABD. Financial programs are administered through the Missouri Agriculture and Small Business Development Authority (MASBDA), which is governed by an independent board. MASBDA administers loans, loan guarantees, grants, and tax credits aimed at increasing the profitability of Missouri's farmers.

ABD staff are assigned to at least one of five customer teams: (1) Crops and Timber (also includes forages, feed ingredients, biomass and biofuels); (2) Livestock (also includes meat products and dairy); (3) Horticulture and Agritourism (also includes farmers markets); (4) Food Products; and (5) Grape and Wine (which administers the Grape and Wine Program that is governed by an independent board). These teams work closely with commodity organizations and other industry partners to develop and implement strategies that meet client needs in each agricultural sector.

ABD also administers the AgriMissouri branding initiative which promotes products that are produced or processed in Missouri through a variety of marketing channels, including retail, restaurant, schools, institutions, and direct-to-consumer marketing. Over 250 Missouri businesses are members of AgriMissouri. Members of the Commission on the Marketing of Missouri Agricultural Products serve as advisors to the department's AgriMissouri marketing efforts.

Fiscal Year 2006 Governor's Recommendations

- \$90,000 Marketing Development Fund to assist agri-businesses in their development of native plant sales and related services.
- \$50,000 for dairy early planning grants to help producers identify new business opportunities and improve production efficiency.
- \$34,120 Marketing Development Fund to promote sales of Missouri grape and wine products by restaurants, caterers, and other retail operations.
- \$10,346 for pay plan, including \$7,030 general revenue.
- (\$15,761) reallocated for information technology resources that will be administered by the Office of Administration, including (\$3,957) general revenue.
- (\$561) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF AGRICULTURE

DIVISION OF MARKET INFORMATION AND OUTREACH

The Division of Market Information and Outreach includes the Market News Program and the Outreach Program. The Market News Program provides timely and unbiased price information that enables producers to make sound marketing decisions. Field market news reporters report market prices from throughout Missouri. This information is made available to the public daily through the Internet, media (including radio and newspapers), automated telephone reports, and the Weekly Market Summary.

The Outreach Program provides targeted, high-quality information about agriculture and department services to urban, rural, and non-farm audiences. One example is the *Show Me Agriculture* newsletter that is designed to meet Missouri's Show Me standards for fourth grade students and is used by many teachers and fourth graders throughout the state. The program's Missouri Agribusiness Academy encourages young men and women to pursue agricultural careers. The program also serves as the liaison between agricultural commodity groups and the Department of Agriculture and facilitates board of director elections for many agricultural merchandising groups.

Fiscal Year 2006 Governor's Recommendations

- \$6,463 for pay plan, including \$4,928 general revenue.
- (\$2,844) reallocated for information technology resources that will be administered by the Office of Administration, including (\$332) general revenue.

DIVISION OF ANIMAL HEALTH

The Division of Animal Health implements regulations and programs to protect Missouri's livestock, poultry, and other domestic animals from dangerous, infectious, or contagious diseases. This includes enforcement of regulations as required under Section 267.230, RSMo, which gives the director of the Department of Agriculture the authority to designate certain employees to intercept, stop, or detain for official inspection any vehicle carrying livestock in the state. Through control and elimination of diseases and diseased animals, the division enables Missouri's livestock and poultry to remain eligible for interstate and international export marketing. Diagnostic laboratories are maintained in Jefferson City and Springfield, and additional professional services are contracted through the University of Missouri-Columbia College of Veterinary Medicine.

The division's Meat and Poultry Inspection Program works with producers to promote, protect, and develop the agricultural interests of Missouri processed meat products. This program helps livestock and poultry producers add value to their operations and capture additional profits from their meat products. To ensure the health and well being of companion animals sold in Missouri, the division also licenses and inspects animal shelters, dog pounds, boarding kennels, commercial kennels, contract kennels, and pet shops.

Fiscal Year 2006 Governor's Recommendations

- \$194,392 federal and other funds and four staff to expand the state meat and poultry inspection program allowing additional small slaughterhouses and processors to sell their services and products instate.
- \$116,915 federal funds and two staff to implement a diseased animal identification and tracking system.
- \$1 federal funds open-ended authority for homeland security planning, training, and equipment grants.
- \$27,925 for pay plan, including \$18,196 general revenue.
- (\$90,360) reallocated for information technology resources that will be administered by the Office of Administration, including (\$3,710) general revenue.
- (\$40,792) for one-time expenditures, including (\$16,771) general revenue.
- (\$3,770) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF AGRICULTURE

DIVISION OF GRAIN INSPECTION AND WAREHOUSING

The Division of Grain Inspection and Warehousing operates four programs to assist Missouri grain farmers and agribusinesses. The Grain Regulatory Services Program enforces the provisions of the Grain Warehouse Law, Chapter 411, RSMo, and the Grain Dealers Law, Section 276.401-276.581, RSMo, to ensure grain producers that licensed grain warehouses and grain dealers are reputable businesses in sound financial condition.

The Grain Inspection Services Program provides official inspection and weighing of grain upon request to assist both grain farmers and grain businesses in the marketing of Missouri's corn, soybean, wheat, and other grain crops. The program covers all costs of operation by charging fees for services performed, which are deposited into the Grain Inspection Fees Fund.

The division also administers the state's Certified Agricultural Mediation Program, which mediates disputes between Missouri farmers and USDA agencies, and the Commodity Merchandising Program, which provides centralized administration for the collection and distribution of fees for nine commodity check-off programs.

Fiscal Year 2006 Governor's Recommendations

- \$22,886 for pay plan, including \$6,766 general revenue.
- (\$29,968) reallocated for information technology resources that will be administered by the Office of Administration, including (\$7,968) general revenue.

DIVISION OF PLANT INDUSTRIES

The Division of Plant Industries operates six programs and two laboratories serving Missouri agriculture. The Feed and Seed Program performs sampling and laboratory analyses of planting seed and commercial feeds to ensure that they meet requirements for accurate labeling. Inspections are also conducted to ensure good manufacturing practices are followed and that prohibited mammalian protein is not formulated into feed rations to help prevent the dissemination of BSE (Mad Cow Disease).

The Pesticide Control Program promotes the safe use of pesticides by licensing private and commercial applications, conducting field inspections, conducting investigations of pesticide misuse, and ensuring the proper registration of pesticides. The Plant Pest Control Program conducts inspections of nurseries, greenhouses, and other plant products to prevent the introduction and dissemination of insect, disease, and noxious weed pests that could be detrimental to plants and crops. Phytosanitary certification inspections are also conducted for plant materials being exported to other states and countries.

The Integrated Pest Management Program (IPM) promotes effective alternative strategies to traditional pest control through the use of biological control agents, pest resistant varieties, and adoption of improved cultural practices. The IPM Program also administers the Boll Weevil Eradication Program and the Organic Certification Program. The Forest Resources and Weed Control Program inspects treated wood products to ensure that minimum preservation standards are met and assists county weed control boards in the control and eradication of Johnson grass, a noxious weed. The Fresh Fruit and Vegetable Inspection Program performs shipping point and terminal market inspections of fresh produce to facilitate the sale of Missouri grown produce and ensure the quality of produce sold to consumers.

Fiscal Year 2006 Governor's Recommendations

- \$73,176 for the replacement purchase of an inductively-coupled-plasma analyzer used to test animal feed mineral content and treated timber preservative levels.
- \$16,300 for the replacement purchase of a crude-fat-extraction analyzer used to test nutritionally necessary fat content in animal feed.
- \$19,779 for pay plan, including \$15,327 general revenue.
- (\$177,302) federal funds for one-time expenditures.
- (\$42,978) reallocated for information technology resources that will be administered by the Office of Administration, including (\$2,979) general revenue.
- (\$1,664) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF AGRICULTURE

DIVISION OF WEIGHTS AND MEASURES

The Division of Weights and Measures operates four regulatory programs and two laboratories to fulfill its goal of protecting consumers. The Device and Commodity Program inspects livestock market, grain elevator, vehicle, and small retail scales and scanning devices to ensure their accuracy. In addition, milk sales practices are monitored and shell eggs are inspected for quality.

The Petroleum/Propane/Anhydrous Ammonia Program protects consumers against inaccurate and unsafe gasoline pumps and unsafe practices by the retailer. They also inspect public institutions, commercial facilities, mobile home parks that store and use propane, and LPG-converted vehicles (including school buses) to protect lives and property from fire and explosions. In addition, they approve propane gas delivery truck and dispenser meters to prevent overcharges on fuel bills and oversee anhydrous ammonia fertilizer installations for safety.

The division's Metrology Laboratory certifies volume and weight standards used by device service repair technicians, maintains all mass and volume standards used for calibrating industry standards, and certifies all weighing and measuring devices used by the division's inspectors. In addition, the Moisture Meter Program protects Missouri farmers against unjustified discounts on grain sales due to inaccurate moisture content values.

The Fuel Quality Program and laboratory collect samples and perform chemical analyses on gasoline, diesel fuel, heating oil, and other fuels to ensure that octane and other quality specifications are met.

Fiscal Year 2006 Governor's Recommendations

- \$53,580 for the purchase of working metric standards necessary to ensure advertised product weights of internationally traded commodities and the digital replacement of a large mass measurement balance acquired by the department in 1968.
- \$39,018 for the replacement purchase of more reliable, flexible, and accurate scales used to test the content weight of products packaged for consumer purchase.
- \$24,184 for pay plan, including \$10,637 general revenue.
- (\$136,772) federal and other funds and (one) staff reallocated for information technology resources that will be administered by the Office of Administration.
- (\$253) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (One) staff core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF AGRICULTURE

MISSOURI STATE FAIR

The Missouri State Fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, the fair offers a variety of entertainment and educational events. The fairgrounds also are available during the rest of the year for various types of exhibits, sales, meetings, and entertainment.

Fiscal Year 2006 Governor's Recommendations

- \$16,716 for pay plan, including \$5,360 general revenue.
- (\$16,000) State Fair Fees Fund reallocated for information technology resources that will be administered by the Office of Administration.
- (\$18,268) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
State Fair Administration	\$ 4,442,270	\$ 4,947,562	\$ 4,930,010
Aid-To-Fairs Premiums	0	1	1
DIVISIONAL TOTAL	\$ 4,442,270	\$ 4,947,563	\$ 4,930,011
PERSONAL SERVICE			
General Revenue Fund	579,715	554,416	541,508
State Fair Fees Fund	842,108	1,135,588	1,146,944
EXPENSE AND EQUIPMENT			
State Fair Fees Fund	2,973,717	3,194,068	3,191,558
State Fair Trust Fund	3,140	10,000	10,000
PROGRAM SPECIFIC DISTRIBUTION			
State Fair Fees Fund	43,590	53,490	40,000
Marketing Development Fund	0	1	1
TOTAL	\$ 4,442,270	\$ 4,947,563	\$ 4,930,011
General Revenue Fund	579,715	554,416	541,508
State Fair Fees Fund	3,859,415	4,383,146	4,378,502
Marketing Development Fund	0	1	1
State Fair Trust Fund	3,140	10,000	10,000
Full-time equivalent employees	60.77	61.75	61.75

DEPARTMENT OF AGRICULTURE

STATE MILK BOARD

The State Milk Board inspects, samples, and tests milk and milk products ensuring that they are wholesome and safe for consumption. The board operates both a Grade A Milk Inspection Program and a Manufacturing Grade Milk Inspection Program to ensure milk quality. An inspection fee of five cents per one hundred pounds of Grade A milk is assessed and deposited in the Milk Inspection Fees Fund to cover all costs of the Grade A Milk Inspection Program. The Manufacturing Grade Milk Inspection Program, which ensures sanitation and quality standards for milk used only for manufacturing dairy products (e.g. cheese, butter, and ice cream), is funded from general revenue because inspection fees have not been assessed on manufacturing grade milk producers. Approximately one-half of all Grade A milk is consumed as fluid milk with the remainder used for manufacturing purposes.

Fiscal Year 2006 Governor's Recommendations

- \$3,506 for pay plan, including \$1,121 general revenue.
- (\$331,583) Milk Inspection Fees Fund core reduction from the Fiscal Year 2005 appropriation level.
- (\$10,778) reallocated for information technology resources that will be administered by the Office of Administration, including (\$1,765) from general revenue.